

**TRAVEL INFORMATION & POLICY**

Subject:	Number:
Travel/Relocation Programs – Suspension of Moving Expense Exclusions From Taxable Wages	TIP 18-04
	Date Issued:
	May 02, 2018
References:	Expires:
<u>Suspension of Moving Expense and Repeal of Bicycle Commuting Reimbursement Exclusions From Taxable Wages</u>	December 31, 2025

- Purpose:** To inform the Department’s employees of the changes to the tax laws pertaining to moving expense and how it may affect them.
- Background:** The Tax Cuts and Jobs Act, Public Law No. 115-97, signed into law on December 22, 2017, suspended the moving expense exclusion from income of qualified moving expense reimbursements provided by employers to employees including direct payments to a moving company. All such reimbursements are taxable under the new tax law for tax years beginning after December 31, 2017, until December 31, 2025.
- Policy:** Starting January 1, 2018 until December 31, 2025, all relocation reimbursements provided to employees including direct payments to a moving company are considered a fringe benefit and are taxable and reportable income under the new tax law.
- Who are Impacted:** Department employees reimbursed for relocation and moving expenses including moving expenses paid directly to a moving company on behalf of employee.
- What are the new changes:**
- The entire moving expense mileage is taxable as compared to the first \$ 0.17 per mile previously not taxed.
 - Reimbursement of expenses for self-move, storage, packaging supplies, and miscellaneous expense up to \$200 related to the dissolution of the old household and establishment of new household are now taxable.
 - Moving expense paid directly to a moving company on the employee’s behalf is now taxable to the employee.
- Current Tax Withholding Rates:**
- The percentages below will be withheld from payments to employees as described below:
- Federal Tax Withholding: 22.00%
State Tax Withholding: 6.60%
FICA (if applicable): 6.20%
Medicare (if applicable): 1.45%

**Method by
which taxes
will be
withheld:**

Direct Payment Made to Moving Company on behalf of Employee

- Federal, State, FICA, and Medicare withholdings will be deducted from monthly paycheck.

One Way, One Time Mileage

- Federal, State, FICA, and Medicare withholdings will be deducted from monthly paycheck.

All Other Relocation/Moving Expenses

- Federal and State tax withholdings will be deducted from relocation reimbursement check.
- FICA and Medicare withholdings will be deducted from monthly paycheck.

W-2 Impact:

Fringe benefits are defined as additional compensation to regular pay which an employee receives from an employer. All relocation expense reimbursements provided to employees including direct payments to a moving company in a calendar year will be reflected on the Wage and Tax Statement, Form W-2, box 1 Wages, tips other compensation.

If you have questions about this TIP, please contact Cassie Baba at (916) 227-8652 or the Travel Information Line at (916) 227-9061.

To view the Department's travel policies, please visit the [Caltrans Travel Guide](#).

For individuals with sensory disabilities, documents may be obtained in alternate formats. To obtain such services, please e-mail Cassie.Baba@dot.ca.gov. TTY users may also call (800) 735-2922.